

**INGENIOUS GAMES LLP**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 28 FEBRUARY 2013**



Limited Liability Partnership Number OC314073

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**INGENIOUS GAMES LLP**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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## **INGENIOUS GAMES LLP**

### **MEMBERS' REPORT**

**Year ended 28 February 2013**

The members present the Report and Financial Statements of Ingenious Games LLP ("the Partnership") for the year ended 28 February 2013

#### **Principal activities**

The Partnership was formed to conduct an integrated games development business. It draws on a deep pool of talent to develop quality video games. Its strategy has been designed to enable it to operate in the global marketplace through a combination of scale and participation in all aspects of the games development and publishing value chain whilst at the same time adopting a conservative approach to managing risks.

The Partnership has extended the scope of its business to include marketing activities, thus enabling it to increase its return from individual games and deploy capital across activities with different risk profiles.

The Partnership adopts a sophisticated project selection procedure to manage risks from the outset and only develops games where there is a strong likelihood of distribution and where it is able to secure a participation in gross sales receipts from the exploitation of the developed games by games publishers.

#### **Business review and future outlook**

The designated members who served during the period were Hastings Games 1 Limited and Hastings Games 2 Limited ("the Designated Members"). The Partnership's Executive Committee ("the Executive Committee") consisted of P A McKenna, D M Reid, D Austin, A Pisker and M Thomas. The membership of the Committee was unchanged throughout the year.

The Partnership has commercially released four games as at 28 February 2013. The Partnership has been well placed to benefit from the exploitation of these games by games publishers through participation in gross sales receipts.

The Partnership benefits from its relationship with the Ingenious Media Holdings plc group ("the Group") to assist it in identifying, sourcing and undertaking games projects.

**MEMBERS' REPORT (CONTINUED)**

**Year ended 28 February 2013**

**Policy regarding members' drawings and capital**

Designated Members are not entitled to drawings. In accordance with the Members' Agreement, drawings shall be made at the discretion of Ingenious Media Investments Limited ("the Operator"), the operator of the Partnership.

Members' capital is subscribed in accordance with the current Members' Agreement, and retained by the Partnership until such time as the members agree to repay that capital. There were no transfers of members' capital to debt during the year.

The operating cash requirements of the Partnership shall be met out of the members' initial contributions and no member shall be required to make any further funding available after their admission as a member (save to the extent of their liability on a winding up).

**Statement of members' responsibilities**

The members are responsible for preparing the Report and Financial Statements in accordance with applicable law and regulations.

Legislation applicable to limited liability partnerships requires the members to prepare financial statements for each financial period. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the Partnership for that period. In preparing the financial statements, the members are required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Partnership will continue in business.

The members are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Partnership and enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to limited liability partnerships. The members are also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**MEMBERS' REPORT (CONTINUED)**  
**Year ended 28 February 2013**

**Statement of members' responsibilities (continued)**

In so far as the members are aware

- there is no relevant audit information of which the Partnership's auditor is unaware, and
- the members have taken all steps that they should have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

These responsibilities are exercised by the Designated Members on behalf of the Partnership

**Auditors**

Shipleys LLP are deemed to be re-appointed under Section 487(2) of the Companies Act 2006 as modified by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008

This report was approved by the Designated Members on **14 August** 2013 and signed on their behalf by



**Hastings Games 1 Limited**  
Designated Member



**Hastings Games 2 Limited**  
Designated Member

Registered office  
15 Golden Square  
London W1F 9JG

Limited Liability Partnership Number OC314073

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INGENIOUS GAMES LLP**

We have audited the financial statements of Ingenious Games LLP for the year ended 28 February 2013 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 9. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as applicable to limited liability partnerships. Our audit work has been undertaken so that we might state to the Partnership's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Partnership and the Partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the members and auditors**

As explained more fully in the statement of members' responsibilities, the members are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and for being satisfied that they give a true and fair view.

Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Partnership's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the members, and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Partnership's affairs as at 28 February 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006, as applicable to limited liability partnerships.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INGENIOUS GAMES LLP (CONTINUED)**

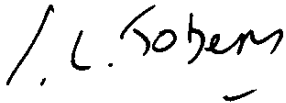
### **Opinion on other matters prescribed by the Companies Act 2006 as applicable to limited liability partnerships**

In our opinion the information given in the Members' Report for the period for which the financial statements are prepared is consistent with the financial statements

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006, as applicable to limited liability partnerships, requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of members' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



**S L Joberns (Senior Statutory Auditor)**

for and on behalf of Shipleys LLP (Statutory Auditor)  
10 Orange Street, Haymarket, London WC2H 7DQ

Date 15 August 2013

# INGENIOUS GAMES LLP

## PROFIT AND LOSS ACCOUNT Year ended 28 February 2013

	NOTES	Year ended 28 February 2013 £ '000s	Year ended 29 February 2012 £ '000s
Turnover	1	-	(76)
Cost of sales		1,041	1,483
<b>GROSS PROFIT</b>		<b>1,041</b>	<b>1,407</b>
Operating expenses		(474)	(862)
<b>OPERATING PROFIT</b>	2	<b>567</b>	<b>545</b>
Interest receivable and similar income	3	30	11
<b>PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARE</b>	7	<b>597</b>	<b>556</b>
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS</b>	7	<b>597</b>	<b>556</b>

All results are derived from continuing operations

There are no recognised gains or losses other than as stated in the Profit and Loss Account above, and accordingly no separate Statement of Total Recognised Gains and Losses is presented

The accompanying notes are an integral part of the financial statements



# INGENIOUS GAMES LLP

## BALANCE SHEET

At 28 February 2013

	NOTES	28 February 2013 £ '000s	29 February 2012 £ '000s
<b>CURRENT ASSETS</b>			
Stock	4	-	2
Debtors	5	8,509	8,508
Cash at bank		2,193	1,157
		10,702	9,667
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
Trade creditors		(131)	(131)
Other creditors		(1,917)	(963)
Accruals		(4)	(43)
		(2,052)	(1,137)
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>		<b>8,650</b>	<b>8,530</b>
<b>REPRESENTED BY:</b>			
<b>MEMBERS' OTHER INTERESTS</b>			
Members' capital classified as equity under FRS 25	7	37,193	37,193
Other reserves	7	(28,543)	(28,663)
<b>TOTAL MEMBERS' OTHER INTERESTS</b>	<b>7</b>	<b>8,650</b>	<b>8,530</b>

The accompanying notes are an integral part of the financial statements

The financial statements were approved by the Designated Members and authorised for issue on 14 August 2013 and signed on their behalf by



**Hastings Games 1 Limited**  
Designated Member



**Hastings Games 2 Limited**  
Designated Member

Limited Liability Partnership Number OC314073

# INGENIOUS GAMES LLP

## CASH FLOW STATEMENT Year ended 28 February 2013

	NOTES	2013 £ '000s	2012 £ '000s
Net cash inflow from operating activities	A	1,483	15,434
Net cash inflow from returns on investments and servicing of finance		30	11
Members' drawings		(477)	(709)
<hr/>			
Net cash inflow before use of liquid resources and financing		1,036	14,736
Transactions with members			
Repayment of capital contributions		-	(16,181)
Net cash outflow from transactions with members		-	(16,181)
<hr/>			
Increase/(decrease) in cash and cash equivalents	B, C	1,036	(1,445)

The accompanying notes are an integral part of the financial statements

# INGENIOUS GAMES LLP

## NOTES TO THE CASH FLOW STATEMENT

Year ended 28 February 2013

<b>A. Reconciliation of operating profit to net cash inflow from operating activities</b>	<b>Year ended 28 February 2013 £ '000s</b>	<b>Period ended 29 February 2012 £ '000s</b>	
Operating profit	567	545	
Decrease in stock	2	5	
(Increase)/decrease in debtors	(1)	16,172	
Increase/(Decrease) in creditors	915	(1,288)	
<b>Net cash inflow from operating activities</b>	<b>1,483</b>	<b>15,434</b>	
<b>B. Analysis of net funds</b>	<b>At 1 March 2012 £ '000s</b>	<b>Cash flow £ '000s</b>	<b>At 28 February 2013 £ '000s</b>
<b>Cash at bank</b>	<b>1,157</b>	<b>1,036</b>	<b>2,193</b>
<b>C. Reconciliation of net cash flow to movement in net funds</b>	<b>Year ended 29 February 2013 £ '000s</b>	<b>Period ended 28 February 2012 £ '000s</b>	
Increase/(decrease) in cash in the year	1,036	(1,445)	
<b>Movement in net funds resulting from cash flows</b>	<b>1,036</b>	<b>(1,445)</b>	
Net funds at start of year	1,157	2,602	
<b>Net funds at end of year</b>	<b>2,193</b>	<b>1,157</b>	

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 28 February 2013**

**1. ACCOUNTING POLICIES**

The Partnership was incorporated in England and Wales as a limited liability partnership under the Limited Liability Partnerships Act 2000

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards in compliance with the Statement of Recommended Practice on Accounting for Limited Liability Partnerships. The particular accounting policies adopted, which have been applied consistently throughout the current year and preceding period, are described below

**Turnover**

Turnover derives from one class of business, the development and marketing of video games, and is stated net of Value Added Tax

**Taxation**

No current or deferred taxation is provided in these financial statements as the liability for taxation falls on the members

**Stock**

Stock and work in progress, other than long-term contracts, are stated at the lower of cost and net realisable value. Cost comprises contractual expenditure in respect of the games being developed on behalf of the commissioning publishers. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs

**Long-term contracts**

Long-term contract balances represent costs incurred on specific contracts, net of amounts transferred to cost of sales in respect of work recorded as turnover, less foreseeable losses and payments on account not matched with turnover. Provision is made for the full amount of foreseeable losses on contracts

**Foreign currencies**

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the Balance Sheet date. Exchange differences are taken to the Profit and Loss Account

**Going concern**

The Partnership is in a net asset position and the members believe that the Partnership will be able to maintain positive cash flows for the foreseeable future. As a result the going concern basis of accounting has been adopted

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 28 February 2013

## 1. ACCOUNTING POLICIES (Continued)

## Joint arrangement not an entity ('JANE')

The Partnership entered into a games services agreement with Ingenious Media Services Limited, to source and undertake various non-development activities on its behalf. The Partnership maintains a right of approval over any such transactions entered into on its behalf and also over the uses of such funds advanced until such opportunities arise.

In the view of the members the above arrangement constitutes a JANE, as defined by FRS 9 *Associates and Joint Ventures*. Accordingly, all transactions entered into by Ingenious Media Services Limited under the games services agreement are recorded in the Partnership's financial statements to correctly reflect the substance of those transactions.

## Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Partnership after deducting all of its liabilities.

## 2. OPERATING PROFIT

	2013 £ '000s	2012 £ '000s
The operating profit is stated after charging		
Auditors' remuneration for audit services	4	6
Adjustment for over provision in prior period	(2)	(1)
	<u>2</u>	<u>5</u>

Fees payable to the Partnership's auditors for non-audit services provided in the period were £Nil (2012 £Nil).

## 3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2013 £ '000	2012 £ '000
Other interest received	<u>30</u>	<u>11</u>

## 4. STOCK

	2013 £ '000s	2012 £ '000s
Work in progress	<u>-</u>	<u>2</u>

# INGENIOUS GAMES LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 28 February 2013

### 5. DEBTORS

	2013 £ '000s	2012 £ '000s
Other debtors	233	232
Unpaid capital contributions	8,276	8,276
	<b>8,509</b>	<b>8,508</b>

### 6. INFORMATION RELATING TO MEMBERS

No members received any salaried remuneration from the Partnership during the year (2012 £Nil)

The average number of members during the year was 3 (2012 11). The average allocation of profit was therefore £199,176 (2012 £50,601). The maximum profit allocated to a member was £597,527 (2012 £556,613).

### 7. RECONCILIATION OF MOVEMENT IN MEMBERS' INTERESTS

	Members' capital	Other reserves	Total members' other interests	Loans and other debts due to members	Total members' interests
	£ '000s	£ '000s	£ '000s	£ '000s	£ '000s
Balance at 1 March 2012	37,193	(28,663)	8,530	-	8,530
Profit for the financial year available for discretionary division among members	-	597	597	-	597
Members' interests after profit for the year	37,193	(28,066)	9,127	-	9,127
Members' drawings	-	(477)	(477)	-	(477)
Balance at 28 February 2013	37,193	(28,543)	8,650	-	8,650

In the event of a winding up the Partnership's creditors are paid from any surplus assets prior to their distribution to the members.

Amounts due to be distributed to members at the year end amounted to £958,665 (2012 £963,448).

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**Year ended 28 February 2013**

**8. RELATED PARTY DISCLOSURES**

P A McKenna, J L Boyton and D M Reid, who were all members of the Executive Committee during the year, were also directors of Ingenious Media Investments Limited (the Operator) during the year. J L Boyton and D M Reid were also directors of Hastings Games 1 Limited and Hastings Games 2 Limited (the Designated Members), Ingenious Games Limited (the Corporate Member), Ingenious Media Services Limited, Ingenious Games Services Limited, Ingenious Resources Limited and Ingenious Treasury Services Limited during the year. P A McKenna and D M Reid were also directors of Ingenious Asset Management Limited during the year.

All of the above-named companies, with the exception of Ingenious Asset Management Limited, are wholly-owned subsidiaries of Ingenious Media Limited, which is itself a wholly-owned subsidiary of Ingenious Media Holdings plc, the ultimate parent company of the Group. Ingenious Asset Management Limited is a wholly owned subsidiary of Ingenious Asset Management Holdings Limited, which is a subsidiary of Ingenious Media Limited. The Group is under the control of P A McKenna.

P A McKenna, D M Reid, D Austin and A Pisker were members of the Executive Committee during the year. Annuities due to these members as at the year end are as follows:

<b>Member</b>	<b>Annuity due £</b>
P A McKenna	3,592
D M Reid	3,592
D Austin	8,083
A Pisker	74,839

P A McKenna, D M Reid, D Austin, A Pisker and J L Boyton retired from the Partnership on 6 April 2011.

During a prior period Ingenious Games Limited made an investment of £26,686,885 into the Partnership. As at the period end capital of £8,275,975 remained unpaid (2012: £8,275,975).

**9. CONTROLLING PARTY**

In the opinion of the members there is no controlling party.